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DECEMBER 16, 1986

- IBM's DEC strategy
- LANs mix it up
- The coming micro software explosion
- Manufacturers look again at MRP II

COMPUTER DECISIONS®
THE MAGAZINE FOR MIS EXECUTIVES
A HAYDEN PUBLICATION

THE YEAR OF THE SUPERMINI

MIS executives now have their choice of superminis and "seamless integration" strategies from all the major supermini vendors.

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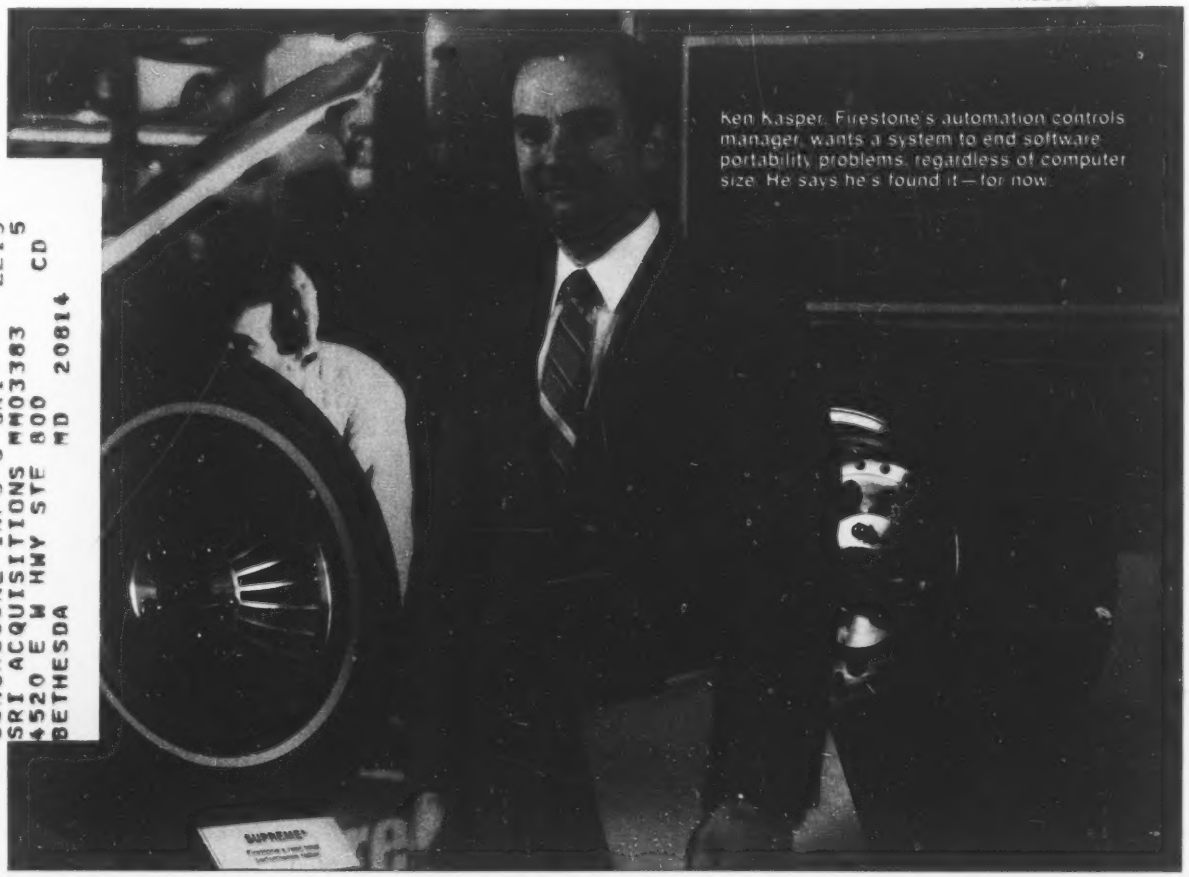

Ken Kasper, Firestone's automation controls manager, wants a system to end software portability problems, regardless of computer size. He says he's found it—for now.

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Cover photo: Jake Ragan/Studio R

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as high as that for MIS pros in the same organizations. The Diebold Group interprets this as an indication of the high demand for telecomm experts.

● Only 27 percent of the corporations surveyed bypass the public long-distance network. Only 24 percent bypass the local public phone network. □

IBM leaves 'em guessing

IBM's decision to relax penalties imposed on Hitachi Ltd. as a result of a 1983 settlement of IBM's industrial espionage case against Hitachi has left some observers wondering.

"The timing of it is strange because it comes at the same time Hitachi is looking into directly marketing products in the United States," says IBM-watcher Brian Jeffery of the Los Altos, CA-based International Technology Group. "It looks as if IBM is opening up the door to Hitachi." The giant Japanese computer maker is currently considering whether to market workstations under its own label, but a Hitachi spokesman says it has no plans to market large systems in the United States.

IBM's new agreement with Hitachi virtually eliminates Hitachi's payments to IBM of between $3 million and $6 million a month. Hitachi was forced to make the payments after pleading guilty to charges in 1983 that it stole IBM operating system software code. Relaxation of the penalties appears to settle the dispute. A Hitachi spokesman says Hitachi has rewritten its software code.

Jeffery theorizes that IBM may have been forced into a settlement to prevent a legal confrontation between the Japanese government and IBM Japan, a primary supplier of mainframe systems in that country. But if IBM did settle the dispute to prevent itself from being charged with anti-competitive practices in Japan, why is it pursuing its legal battle with Fujitsu, the other major Japanese manufacturer of mainframes, Jeffery wonders. Last year, IBM charged Fujitsu with copying its software, and it has reiterated that it is pursuing the matter before an international arbitration panel. "The disparity between the two cases makes it even more curious," says Jeffrey. "There seems to be more here than meets the eye." □

Honeywell's three flags

Honeywell users will soon be getting to know a supplier with a new name. Faced with an eroding user base, Honeywell has turned its users over to a still-unnamed partnership between it, Compagnie des Machines Bull of France, and NEC Corp. of Japan. The basis for the new corporation will be Honeywell Information Systems.

Honeywell will hold a 42.5 percent share of the new corporation, equal to Bull's share, but analysts expect the Minneapolis-based vendor to eventually either dramatically reduce its stake or sell out entirely. "In the long term, they'll sell it," says Michael J. Geran, an analyst at E.F. Hutton & Co., New York.

The implications of the deal for Honeywell users were not clear at press time. However, analysts expect the new corporation to maintain and add to current Honeywell product lines. Bull manufactures Honeywell's DPS-7 mainframe and NEC contributes the top-of-the-line DPS-90 mainframe. The main product of Honeywell Information Systems is the DPS line of minicomputers.

Analysts say the low price Honeywell will receive for its information systems division is a reflection of the impending tax law changes. However, they also believe Honeywell was eager to dump its ailing computer business. "Honeywell's base is eroding," says Steven Milunovich, an analyst at First Boston Corp., New York.

The deal will give Honeywell approximately $500 million in March, according to the vendor; the net book value of Honeywell Information Systems was $900 million, excluding the federal systems operation Honeywell will retain.

Honeywell officials portrayed the deal as a chance to concentrate on marketing and systems integration. Honeywell's willingness as an integrator to work with other vendors' equipment is still unclear. It has been selling limited amounts of equipment from IBM, Digital Equipment Corp., and others to the U.S. Department of Defense, says Geran. For the moment, however, Milunovich expects Honeywell to sell Honeywell computers. After all, he notes, it isn't quite free of its computer business. □

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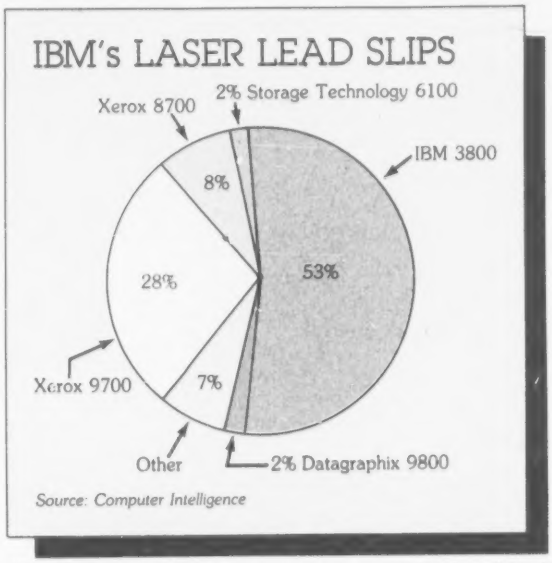

IBM's lead in the large system page printer market has slipped slightly—to 53 percent from 59 percent in 1985—according to Computer Intelligence's latest survey of IBM and PCM users. The market researcher reports, however, that IBM retains an 80 percent share of the IBM/PCM line printer market.